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SECURITY INFORMATION

15 August 1952

US OFFICIALS ONLY

CIA No. 49771
Copy No. 38

TOP SECRET SUPPLEMENT

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EASTERN EUROPE

25X1X

1. Albanian Communists reportedly dissatisfied with Hoxha regime: [REDACTED]
25X1X [REDACTED] ninety percent of the population, including a majority of the Communists, will support any serious attempt to overthrow the present government.

25X1A The Communists have developed this attitude because of their disappointment with the Hoxha regime and their belief that the USSR would not risk a general war to save Albania after a political coup. Probably no more than one quarter of the police units are loyal to the government. [REDACTED] 25X1A [REDACTED] 5 Aug 52. FOR CRITICAL SECURITY REASONS this report is not to be further transmitted within the United States, or beyond the borders of the United States, without the express permission of the releasing office.)

Comment: Reports over the past six months reveal that increased corruption and disaffection in the Albanian state apparatus have resulted in the arrest of many secondary Communist officials, that the army is unreliable, and that resistance bands from Yugoslavia have stepped up subversive activity.

WESTERN EUROPE

2. Tripartite notes to Italy and Yugoslavia on Trieste completed: The US, British and French Governments have agreed on tripartite representations to Premier de Gasperi and Marshal Tito urging settlement of the Trieste issue on the basis of a continuous ethnic line. The note to De Gasperi suggests that the Italian Government not attempt to demand guarantees from Tito concerning Yugoslav actions in Zone B of the Free Territory. The communication to Tito details the apparent

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inconsistencies of Yugoslav statements on a solution of the Trieste problem.

The three governments are prepared, if necessary, to assure both sides that they will publicly guarantee not to support any additional territorial claims following a satisfactory settlement. (TS S/S London 820, 13 Aug 52)

- 25X1A 3. 25X1X Spain steps up program for lower living costs: 25X1X
 the Spanish textile industry will be permitted to import raw cotton with dollars made available by the government at the Tangier market rate. Spanish authorities reportedly hope by this means to break the control exercised by Tangier over the peseta and gradually lower the exchange rate to where they believe it belongs, namely, at 40 to 45 pesetas to the dollar. 13 Aug 52. FOR CRITICAL SECURITY REASONS this report is not to be further transmitted within the United States, or beyond the borders of the United States, without the express permission of the releasing office.)

Comment: A more realistic and uniform exchange rate would undoubtedly contribute toward the expanded production of textiles at lower prices which the Spanish Government announced earlier this year as the next objective in its campaign to reduce living costs. It would also enhance Spain's position in current negotiations for an equitable exchange rate for US counterpart funds.

LATIN AMERICA

4. Chilean President alarmed at possible Communist and Argentine intervention in elections: President Gonzalez Videla has informed Ambassador Bowers that the democratic parties of Chile are "deeply alarmed" over the prospects of former dictator-president Ibanez in the 4 September presidential elections. He attributed much of Ibanez' strength to Argentine financial support, and believes that the 13 August strikes in the copper, coal, and nitrate mines were manifestations of Communist alignment with Ibanez.

The President mentioned his hope that the United States Government will "permit" American companies in Chile to give financial help to the rightist or center-left forces. (S S/S Santiago 51, 13 Aug 52)

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Comment: Although Ibanez does not have the support of large, organized parties, he does have wide popular appeal and might well command not only the Communist vote but also considerable support from parties now aligned behind other candidates.

It is likely that Ibanez has been receiving support from Argentina, but there has been little definite information to indicate its nature and extent.

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Approved For Release 2002/05/20 : CIA-RDP79T01146A001200060002-2